

# THE RENEWABLE RESOURCE PRIVATE LOAN PROGRAM

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## APPLICATION GUIDELINES and FORMS

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MONTANA DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

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# **MONTANA RENEWABLE RESOURCE PROGRAM**

## **APPLICATION GUIDELINES and FORMS**

This booklet assists individuals, partnerships, associations and corporations in applying for loans under Montana's Renewable Resource Program. It describes eligible loan applicants, funding limits, eligible projects and activities, loan approval and funding procedures, and applicant responsibilities. The booklet includes application forms.

**If you have any questions write or call:**

Department of Natural Resources  
and Conservation  
Resource Development Bureau  
1625 Eleventh Avenue  
PO Box 201601  
Helena, MT 59620-1601  
(406) 444-6668

**Applications may be submitted to the department at any time**



# **DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION**

## **RENEWABLE RESOURCE PRIVATE LOAN PROGRAM**

The Renewable Resource Private Loan Program was established by the Montana Legislature in 1981 and is administered by the Department of Natural Resources and Conservation (DNRC). It promotes the beneficial use of water, and allows Montanans to achieve full use of the state's water by providing financing for water development projects and activities.

### **ELIGIBLE APPLICANTS**

Individuals, partnerships, associations, and corporations are eligible for Renewable Resource Private Loans.

### **ELIGIBLE PROJECTS**

All projects must be water related and must conserve, distribute, develop, store, and use water for beneficial uses. Also eligible are activities that protect and enhance water resources by promoting efficient use, management, and protection of water.

Examples of eligible projects include converting from flood to sprinkler irrigation, rehabilitating irrigation systems, building or repairing irrigation dams, lining and consolidating ditches, automating irrigation systems, and developing rural water supplies.

Preliminary planning must be complete before construction funds are requested. The Natural Resource Conservation Service (NRCS), irrigation supply companies, or private professional engineers usually provide the preliminary planning work. Costs for final design planning and construction supervision by a professional engineer may be included in a construction proposal.

### **LOAN LIMITS**

Private loans may not exceed \$400,000, and are funded from sale proceeds of general obligation bonds. Loan interest rates will be the same rate as that of the state bond. Repayment periods may not exceed 30 years, and are limited to the life of the project. Repayments on the loan are generally in annual installments.

### **APPLICATION AND APPROVAL PROCESS**

Loan applications are accepted by DNRC at any time. The Resource Development Bureau reviews the applications for completeness. You will be notified if application forms and required documentation are not complete, and you will be given a specific time to complete the requirements. Applications are then evaluated to determine if they are technically and financially feasible. During this process, you may be required to submit additional documentation. Other state and federal agencies may be consulted to complete these evaluations. A staff recommendation is then submitted to DNRC's director who makes the final decision on project funding.

## FUNDING SCHEDULES

State bond sales to finance the loans are generally phased with the construction season, so money will be available in time to meet project schedules. Successful applicants will be notified of the proposed state bond sale and the anticipated interest rate prior to each sale. If you need other funds in addition to DNRC funding, funding commitments must be made before DNRC loan documents will be signed. Dispersal can be on a schedule compatible with project construction. You may request DNRC to commit to providing long-term funding so that you can obtain interim financing elsewhere if your construction schedule precedes loan availability. DNRC approval of interim financing is based on its acceptance of the technical and economic feasibility of the project.

## APPLICANT RESPONSIBILITIES

Detailed scopes of work and budgets are included in all agreements, and must be approved by DNRC before you start work on the project. **EXPENSES YOU INCUR BEFORE THE LOAN IS APPROVED WILL NOT BE REIMBURSED.**

DNRC must approve procedures for contracting for professional services. All state laws on contracting and bid procedures for construction projects must be followed, and you must also keep accurate financial records and documentation for audits. DNRC can provide information about these requirements. DNRC staff must be permitted to monitor performance and visit the project site.

Narrative progress reports and financial reports may be required. A final report is required when the project is complete. You may also be required to submit annual financial reports during the life of the loan.

## SECURITY

By statute, all loans must be secured by a lien on Real Estate. The lien is generally in the form of a Mortgage. Title Insurance and recording fees are the responsibility of the applicant. Liens on equipment may be considered, but a lien on real estate provides the primary security for these loans. Statute also requires that the security for the loan exceed 125% of the loan amount. By practice DNRC seeks security of at least 150% of the loan amount.

**Please include a non-refundable  
\$150 application fee.**

## **PRIVATE LOAN APPLICATION CHECKLIST**

- ☐ 1. Application Fee \$150.00 (Make checks payable to DNRC)
- ☐ 2. Application Summary
- ☐ 3. Technical Documentation
  - ☐ a. Statistical or technical reports on natural resource features of the project site
  - ☐ b. Narrative reports on the natural resource features of the project
  - ☐ c. Engineering design reports
  - ☐ d. Maps
  - ☐ e. Property records and permits
  - ☐ f. Water right permits
- ☐ 4. Financial Documentation
  - ☐ a. Construction budget (with accompanying cost estimates)
  - ☐ b. Statement of financial condition
  - ☐ c. Profit or loss statement
  - ☐ d. Documentation for income sources
  - ☐ e. Three-year projected operating budget for the project
  - ☐ f. Description of loan collateral
  - ☐ g. Abstract of title or other evidence of ownership
  - ☐ h. Other funding commitments or status documentation
- ☐ 5. Representative Pictures of the Project and/or Problem

One copy of your application and supporting documents should be mailed to:

**Department of Natural Resources and Conservation  
Resource Development Bureau  
1625 Eleventh Avenue  
P.O. Box 201601  
Helena, MT 59620-1601**

Inquiries may be mailed to DNRC, or call (406) 444-6668.





Department of Natural Resources and Conservation  
Renewable Resource Private Loan Program

**PRIVATE LOAN APPLICATION SUMMARY**

**I. APPLICANT INFORMATION**

A. Applicant Name \_\_\_\_\_

B. Mailing Address \_\_\_\_\_

C. City, State, Zip \_\_\_\_\_

D. Telephone Number(s) \_\_\_\_\_

E. Contact Person \_\_\_\_\_

1. Address if different from Applicant \_\_\_\_\_  
\_\_\_\_\_

2. Telephone \_\_\_\_\_

F. This loan is requested by a(n): (Check one)

\_\_\_ Individual

\_\_\_ Non-project corporation\*

\_\_\_ Corporation for profit\*

\_\_\_ Partnership\*\*

\_\_\_ Other (Specify)

**II. PROJECT INFORMATION**

A. Brief Project Description \_\_\_\_\_

B. How long will it take to complete your project or activity? \_\_\_\_\_  
\_\_\_\_\_

C. When do you plan to begin your project or activity?

\_\_\_\_\_  
month/year

\* Corporation applicants must submit corporation information as follows: Articles of Incorporation, Corporation By-laws, and complete page 7 of this application.

\*\* Partnership applicants must submit a Partnership Agreement.

#### D. Project Budget

Funding Request DNRC Loan (from page 19) \$ \_\_\_\_\_

Applicant Funds \$ \_\_\_\_\_

Other Funding Sources \$ \_\_\_\_\_

**Total Project Cost** \$ \_\_\_\_\_

**Loan requests cannot exceed \$400,000.00**

**Water User's Association/Ditch Company \$3,000,000**

### E. Authorizing Statement

I (We) hereby declare that the information and all attachments to this application are true, complete, and accurate to the best of my (our) knowledge, and that the project or activity complies with all applicable state, local, and federal laws and regulations.

I (We) further declare that I am (we are) legally authorized to enter into a binding contract with the Department of Natural Resources and Conservation to obtain loan funds if this application receives approval.

## INDIVIDUAL

Signature of applicant	Date	Social Security No.
------------------------	------	---------------------

Signature of co-applicant	Date	Social Security No.
---------------------------	------	---------------------

## PARTNERSHIP

Name \_\_\_\_\_, a Montana partnership

By \_\_\_\_\_, a partner

\_\_\_\_\_, a partner

\_\_\_\_\_, a partner

Date \_\_\_\_\_ Taxpayer Identification No. \_\_\_\_\_

CORPORATION

Name \_\_\_\_\_, A Montana corporation

By \_\_\_\_\_, President

\_\_\_\_\_, Secretary

Date \_\_\_\_\_ Taxpayer Identification No. \_\_\_\_\_

## CORPORATE INFORMATION



# Department of Natural Resources and Conservation Renewable Resource Private Loan Program

## TECHNICAL NARRATIVE INSTRUCTION SHEET

**At a minimum, the technical narrative should include the following:**

### Checklist

- \_\_\_\_ 1. A clear statement of the purpose of the project and the specific objectives to be accomplished.
- \_\_\_\_ 2. A thorough description of the project that shows how the project will accomplish the objectives.
- \_\_\_\_ 3. A discussion of the history of the project or problem addressed by the project, and all work previously conducted.
- \_\_\_\_ 4. A description of the technical alternatives and the reason the proposed alternative was selected.
- \_\_\_\_ 5. A schedule (preferably in chart form) for completing the project.
- \_\_\_\_ 6. A discussion of the effects, positive or negative, the project will have on water quantity and quality, soils, vegetation, wildlife and other natural resources.
- \_\_\_\_ 7. A description of the final project results, how they will be used and by whom.

### Instructions for Documentation

You are urged to submit as much relevant, sound documentation about the project as you have.

A. Include a topographic map or aerial photo that locates the project or activity by sections, townships and ranges. Identify all proposed construction sites, sources of water, points of water diversion, places of water use and water conveyance structures. Title all maps, and include a scale and a north arrow.

B. Include verification of deeds, easements, or right-of-way agreements that will be required to complete your project, or describe property agreements that will be needed to begin the project. Water right certificates, proof-of-use rights or acknowledgment of water right claims should also be included. Some construction projects may require other permits. Prepare a list of permits you have obtained, or must obtain to complete the project.

## TECHNICAL NARRATIVE

(Use additional pages as needed)

Applicant: \_\_\_\_\_

Project Title: \_\_\_\_\_

# Department of Natural Resources and Conservation Renewable Resource Private Loan Program

## ENVIRONMENTAL CHECKLIST

POTENTIAL IMPACTS ON ENVIRONMENT  
(check appropriate column – state whether adverse or beneficial)

	Major	Moderate	Minor	None	Unknown	Comments
1. Water: quality, quantity, distribution						
2. Terrestrial, avian & aquatic: species & habitats						
3. Unique, endangered, fragile or limited environmental resources						
4. Demands on resources of land, water & air						
5. Historical & archaeological sites						
6. Human health & safety						
7. Community & personal income						
8. Employment: quantity & distribution						
9. Recreation & wilderness						
10. Demands for energy						

List any groups or agencies contacted: \_\_\_\_\_

\_\_\_\_\_

Comments: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

1. Does the project deal solely with the rehabilitation of facilities? Yes\_\_\_\_\_ No\_\_\_\_\_

2. Will the project divert water from a blue ribbon stream or similarly important fishery?

Yes\_\_\_\_\_ No\_\_\_\_\_ If yes, where \_\_\_\_\_





# Department of Natural Resources and Conservation Renewable Resource Private Loan Program

## FINANCIAL NARRATIVE AND BUDGET FORM INSTRUCTION SHEET

COMPLETE THE FOLLOWING FINANCIAL NARRATIVE AND BUDGET FORMS

### I. Instructions for the Financial Feasibility Narrative

A. Demonstrate that the project or activity can be done within the proposed budget. Provide a general discussion of the spending plan. Include the source of all cost estimates.

B. Demonstrate that you are able to repay the loan. The financial statements, profit and loss statements and projected operating budget for the project establish your loan repayment capability. For associations or applicants representing rural water systems, you must complete the application supplement.

C. Identify all funding sources for your project. State how much money you will provide. Fully describe your borrowing plans.

D. Include any other information that would be helpful in assessing your financial commitment to completing the project.

### II. Instructions for Budget

A. Use the budget forms provided. Budgets should estimate costs as completely and accurately as possible. The forms include major expense categories. Amend the budget forms as needed to fit your particular project. Construction projects may include a contingency expense of 10 percent of construction costs to cover unexpected expenses.

B. Complete the Financial Statement. It provides the basic statistics about your assets and debts (a copy of a current Financial Statement that has been prepared for another financial Institution may be substituted if it includes all requested information).

C. Include copies of cover letters for funding applications to other agencies, and letters of inquiry and responses.

## FINANCIAL FEASIBILITY NARRATIVE

(Use additional pages as needed)

Applicant: \_\_\_\_\_

Project Title: \_\_\_\_\_

# FINANCIAL STATEMENT

Name: \_\_\_\_\_

Date: \_\_\_\_\_

ASSETS			AMOUNT	LIABILITIES			AMOUNT
CURRENT ASSETS				CURRENT LIABILITIES			
Cash on Hand in Bank				Notes Payable (unsecured)			
Bonds & Securities (Sch A)							
Accounts & Notes Receivable (Sch B)							
Cash Value of Life Insurance (Sch D)							
				Debts secured by Chattleis (Installments due within one year)			
Federal Payment Due & Receivable				CREDITOR	SECURITY	DUE	
Farm Products on Hand for Sale (Sch C)							
Cash Invested in Growing Crops (Sch C)							
Farm Products on Hand for Use (Sch C)							
Livestock on Hand							
#	KIND	VALUE					
				Term Loan Installments Due Within One Year			
				Taxes, Assessments & R/E Payments Due			
				KIND	YEAR	DUE	
				State & Federal Income Taxes Due			
				Other Current Liabilities (Itemize)			
TOTAL CURRENT ASSETS				TOTAL CURRENT LIABILITIES			
FIXED ASSETS				DEFERRED LIABILITIES			
Real Estate (Sch E)				Real Estate Mortgages & Contracts (Sch F)			
Real Estate Sale Contract Receivable				Other Liabilities (Itemize)			
Machinery & Equipment (Sch H)							
Other Assets (Itemize)							
TOTAL ASSETS				TOTAL LIABILITIES			
				NET WORTH			
				TOTAL LIABILITIES & NET WORTH			

Department of Natural Resources and Conservation  
Renewable Resource Private Loan Program

**FINANCIAL INFORMATION**

Are there any lawsuits, judgments, obligations pending for or against you? YES\_\_\_ NO\_\_\_

Have you ever declared bankruptcy? YES\_\_\_ NO\_\_\_

Have required income tax returns been filed? YES\_\_\_ NO\_\_\_

Are any of your tax returns under dispute? YES\_\_\_ NO\_\_\_

Any unpaid deficiencies? YES\_\_\_ NO\_\_\_

Are you a party to a lawsuit? YES\_\_\_ NO\_\_\_

Are you a co-signer, co-maker or guarantor on any other obligations? YES\_\_\_ NO\_\_\_

Does anyone else own an interest in the property listed? YES\_\_\_ NO\_\_\_

Do you have any other contingent liabilities? YES\_\_\_ NO\_\_\_

Explain all **YES** answers\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

I (We), the undersigned, have provided this financial statement as part of my (our) application for a loan from the Resource Development Bureau of the Department of Natural Resources and Conservation. I (We) certify that the statement is complete and accurate to the best of my (our) knowledge and I (we) authorize DNRC to certify any condition of debt described above.

_____ Name	_____ Social Security No.	_____ Signature	_____ Date
---------------	------------------------------	--------------------	---------------

_____ Name	_____ Social Security No.	_____ Signature	_____ Date
---------------	------------------------------	--------------------	---------------

_____ Name	_____ Social Security No.	_____ Signature	_____ Date
---------------	------------------------------	--------------------	---------------

## SUPPORTING SCHEDULES

- |  |   |
|--|---|
| 1. Name of Spouse _____<br>2. Ages of Children at home _____<br>3. Insurance on Crops \$ _____<br>4. Insurance on Buildings (Fire, Ext. Cov.) \$ _____ | 5. Insurance on Machinery, Equipment & Livestock \$ _____<br>6. Your Age _____ Physical Condition _____<br>7. Do you carry health, accident or hospital insurance? Yes ___ No ___<br>8. Liability Insurance Coverage \$ _____<br>9. List Contingent Liabilities (Incl. CCC Commodity Loans) _____ |
|--|---|

SCHEDULE A - Bonds and Securities (in your name)				SCHEDULE B - Accounts and Notes Receivable			
No. of Shares or Par Value Bonds	Description	Cost	Market Value	Acct (A) Note (N)	Due From or Payer	Date Due	Amount Due
TOTAL				TOTAL			

SCHEDULE C - Feed and Seed Held for Farm Use - Harvested Crops Held for Sale - and Cash Invested in Growing Crops									
Kind	Market Price Per Unit	Feed and Seed Held for Farm Use		Harvested Crops Held for Sale		Cash Invested in Growing Crops			
		Bu.Tons	Value	Bu.Tons	Value	Acres Owned	Acres Rented	Nature of Investment	Amount
TOTAL				TOTAL				TOTAL	

SCHEDULE D - Life Insurance (include credit life)				Policy Loans		
Insurance Company	Beneficiary	Face Value	Cash Value	Amount Borrowed	Due	From Whom



Department of Natural Resources and Conservation  
Renewable Resource Private Loan Program

**CONSTRUCTION BUDGET**

**I. PROJECT COSTS**

A. Equipment \$ \_\_\_\_\_

B. Materials \$ \_\_\_\_\_

C. Engineering \$ \_\_\_\_\_

D. Other \$ \_\_\_\_\_

**II. FINANCING COSTS**

A. Contingency - 10% or less of Project Cost (**optional**) \$ \_\_\_\_\_

**SUBTOTAL** \$ \_\_\_\_\_

B. Administrative Fee \$ \_\_\_\_\_

Administrative fee for servicing loan and costs for state bond sales - 2% of subtotal.

**TOTAL PROJECT COSTS** \$ \_\_\_\_\_

**III. PROJECT FUNDING**

A. Loan Request - DNRC\* \$ \_\_\_\_\_

B. Federal Funding \$ \_\_\_\_\_

C. Applicant Contribution \$ \_\_\_\_\_

D. Other \$ \_\_\_\_\_

**TOTAL PROJECT FUNDING** \$ \_\_\_\_\_

(Total funding must equal total cost)

**\*Loans cannot exceed \$400,000.**

Water User's Association/Ditch Company \$3,000,000

If you anticipate beginning construction following approval but before state bond funds are available, you may want to obtain interim financing.





# Department of Natural Resources and Conservation Renewable Resource Private Loan Program

Name: \_\_\_\_\_

Real Estate Offered as Security				
OWNED - Title Held By:	Description	Acres	Value per Acre	Statement Value
A			\$	\$
B			\$	\$
C			\$	\$
D			\$	\$
E			\$	\$
TOTAL			\$	\$

(Present Market Value of Above Real Estate is Estimated at \$\_\_\_\_\_, based on: \_\_\_\_\_).

Real Estate Mortgage or Contract on Real Estate Offered as Security				
Date Originated	Current Payment	Total Balance Due	Repayment Terms	Holder
A	\$	\$		
B	\$	\$		
C	\$	\$		
D	\$	\$		
E	\$	\$		
TOTAL	\$	\$		

Attach a map on which all real property offered as security is clearly identified and located according to its legal description (real estate used as security must have access from a public road).

Do you lease any of your property that is offered as security? Yes\_\_\_\_\_ No\_\_\_\_\_

If so, give your tenant's name, address and conditions of the lease: \_\_\_\_\_

Is any of the real or personal property offered as collateral on this loan affected by probate or other estate proceedings? No\_\_\_\_\_ Yes\_\_\_\_\_ (If yes, explain):

\_\_\_\_\_ \$ \_\_\_\_\_

\_\_\_\_\_ \$ \_\_\_\_\_

**NOTE: Security must be 150% of the loan amount.**



# Department of Natural Resources and Conservation Renewable Resource Private Loan Program

## PROFIT OR LOSS STATEMENT

Name: \_\_\_\_\_ Date: \_\_\_\_\_

Show your overall financial condition for the past two (2) years and an estimate for the current year.

INCOME SOURCES	YEAR		
	20____	20____	ESTIMATE 20____
Barley	\$	\$	\$
Wheat	\$	\$	\$
Steer Calves	\$	\$	\$
Heifer Calves	\$	\$	\$
Yearlings	\$	\$	\$
Cull Cows	\$	\$	\$
Cull Bulls	\$	\$	\$
CRP	\$	\$	\$
Other:	\$	\$	\$
Other:	\$	\$	\$
Other:	\$	\$	\$
<b>TOTAL GROSS INCOME</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

OPERATING EXPENSES	YEAR		
	20____	20____	ESTIMATE 20____
Salaries and Employees Benefits	\$	\$	\$
Rent/Leases	\$	\$	\$
Repairs and Maintenance	\$	\$	\$
Feed and Seed	\$	\$	\$
Supplies	\$	\$	\$
Veterinary and Medicine	\$	\$	\$
Gas and Oil	\$	\$	\$
Taxes	\$	\$	\$
Interest Expenditures	\$	\$	\$
Trucking	\$	\$	\$
Living Expenses	\$	\$	\$
Debt Payment	\$	\$	\$
Capital Expenses	\$	\$	\$
Other (itemize)	\$	\$	\$
Other	\$	\$	\$
Other	\$	\$	\$
Other	\$	\$	\$
Total Operating Expenses	\$	\$	\$
<b>NET PROFIT (OR LOSS)</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

# Department of Natural Resources and Conservation Renewable Resource Private Loan Program

## THREE-YEAR PROJECTION FOR THIS PROJECT

Name: \_\_\_\_\_

Loan repayment period and estimated interest rate used to compute interest and principal on DNRC loan: 15 years maximum or the life of project, whichever is less, at 5 percent per year.

PROJECTED INCOME			
INCOME SOURCES	YEAR		
	20__	20__	20__
Increased/Saved Crop Production	\$	\$	\$
Increased Livestock Production	\$	\$	\$
Other Project Income	\$	\$	\$
	\$	\$	\$
<b>TOTAL PROJECTED INCOME</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

PROJECTED EXPENSES			
OPERATING EXPENSES	YEAR		
	20__	20__	20__
Rent/Leases	\$	\$	\$
Water	\$	\$	\$
Repairs and Maintenance	\$	\$	\$
Feed and Seed	\$	\$	\$
Fertilizer/Chemicals	\$	\$	\$
Gas and Oil	\$	\$	\$
Auto/Freight/Trucking	\$	\$	\$
Insurance	\$	\$	\$
Utilities (Gas, Water, and Electricity)	\$	\$	\$
Other (itemize)	\$	\$	\$
	\$	\$	\$
<b>TOTAL PROJECTED OPERATING EXPENSES</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

OTHER PROJECTED EXPENSES			
OTHER PROJECTED EXPENSES	YEAR		
	20__	20__	20__
DNRC Payment	\$	\$	\$
DNRC Payment (other)	\$	\$	\$
Other (itemize)	\$	\$	\$
	\$	\$	\$
<b>TOTAL PROJECTED EXPENSES</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>PROJECT NET INCOME (OR LOSS)</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

Comments: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



# MONTANA DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION



1625 ELEVENTH AVENUE  
P. O. BOX 201601  
HELENA, MONTANA 59620-1601